

British Telecommunications plc is a public limited company which has listings on the London, New York and Tokyo stock exchanges and is registered in England.

This is the annual report for the year ended 31 March 1999. It complies with UK regulations and is the annual report on Form 20-F for the Securities and Exchange Commission to meet US regulations.

This annual report has been sent only to shareholders who have elected to receive a copy. A separate annual review and summary financial statement for the year ended 31 March 1999 has been issued to all shareholders.

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In this annual report, references to the "financial year" are to the year ended 31 March of each year, e.g. the "1999 financial year" refers to the year ended 31 March 1999.

References to the "company" are to British Telecommunications public limited company, and references to "BT" or the "group" are to the company and its subsidiaries, or any of them as the context may require.

Cautionary statement regarding forward-looking statements

In order to utilise the 'Safe Harbor' provisions of the US Private Securities Litigation Reform Act of 1995, British Telecommunications plc is providing the following cautionary statement. The annual report includes 'forward-looking information' within the meaning of section 27A of the US Securities Act of 1933, as amended, and section 21E of the US Securities and Exchange Act of 1934, as amended.

Certain sections of this annual report are forward looking in nature. These include, without limitation:

- A. those concerning (i) possible or assumed future results of operations of BT and/or its associates and joint ventures, (ii) impact of regulatory initiatives on BT's operations, (iii) expectations regarding competition, prices and growth, (iv) impact of the Year 2000 issue, (v) impact on BT of the proposed global venture with AT&T, (vi) adequacy of capital, (vii) impact of legal proceedings on BT's financial position and results of operations; and
- B. those preceded by, followed by, or that include the words "believes", "expects", "anticipates" or similar expressions.

Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences include, but are not limited to, material adverse changes in economic conditions in the markets served by BT; future regulatory actions and conditions in BT's operating areas, including competition from others in the UK and other international telecommunications markets; the timing of entry and profitability of BT in certain national markets; the risks, costs and uncertainties (including the lack of available information) in addressing Year 2000 issues; and fluctuations in foreign currency exchange rates.